

Union Calendar No. 240

105<sup>TH</sup> CONGRESS  
2<sup>D</sup> Session

H. R. 3130

[Report No. 105-422]

A BILL

To provide for an alternative penalty procedure for States that fail to meet Federal child support data processing requirements, to reform Federal incentive payments for effective child support performance, and to provide for a more flexible penalty procedure for States that violate inter-jurisdictional adoption requirements.

FEBRUARY 27, 1998

Reported with an amendment, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed

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## IN THE HOUSE OF REPRESENTATIVES

JANUARY 28, 1998

Mr. SHAW (for himself and Mr. LEVIN) introduced the following bill; which was referred to the Committee on Ways and Means

FEBRUARY 27, 1998

Reported with an amendment, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed

[Strike out all after the enacting clause and insert the part printed in *italie*]

[For text of introduced bill, see copy of bill as introduced on January 28, 1998]

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## A BILL

To provide for an alternative penalty procedure for States that fail to meet Federal child support data processing requirements, to reform Federal incentive payments for effective child support performance, and to provide for a more flexible penalty procedure for States that violate interjurisdictional adoption requirements.

1 *Be it enacted by the Senate and House of Representa-*  
 2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 *This Act may be cited as the “Child Support Perform-*  
 5 *ance and Incentive Act of 1998”.*

6 **SEC. 2. TABLE OF CONTENTS.**

7 *The table of contents of this Act is as follows:*

*Sec. 1. Short title.*

*Sec. 2. Table of contents.*

**TITLE I—CHILD SUPPORT DATA PROCESSING REQUIREMENTS**

*Sec. 101. Alternative penalty procedure.*

*Sec. 102. Authority to waive single Statewide automated data processing and in-*  
*formation retrieval system requirement.*

**TITLE II—CHILD SUPPORT INCENTIVE SYSTEM**

*Sec. 201. Incentive payments to States.*

**TITLE III—ADOPTION PROVISIONS**

*Sec. 301. More flexible penalty procedure to be applied for failing to permit inter-*  
*jurisdictional adoption.*

**TITLE IV—TECHNICAL CORRECTIONS**

*Sec. 401. Technical corrections.*

8 **TITLE I—CHILD SUPPORT DATA**  
 9 **PROCESSING REQUIREMENTS**

10 **SEC. 101. ALTERNATIVE PENALTY PROCEDURE.**

11 *Section 455(a) of the Social Security Act (42 U.S.C.*  
 12 *655(a)) is amended by adding at the end the following:*

13 *“(4)(A) If—*

14 *“(i) the Secretary determines that a State plan*  
 15 *under section 454 would (in the absence of this para-*  
 16 *graph) be disapproved for the failure of the State to*

1       *comply with section 454(24)(A), and that the State*  
2       *has made and is continuing to make a good faith ef-*  
3       *fort to so comply; and*

4               *“(ii) the State has submitted to the Secretary a*  
5       *corrective compliance plan that describes how, by*  
6       *when, and at what cost the State will achieve such*  
7       *compliance, which has been approved by the Sec-*  
8       *retary,*

9       *then the Secretary shall not disapprove the State plan*  
10       *under section 454, and the Secretary shall reduce the*  
11       *amount otherwise payable to the State under paragraph*  
12       *(1)(A) of this subsection for the fiscal year by the penalty*  
13       *amount.*

14       *“(B) In this paragraph:*

15               *“(i) The term ‘penalty amount’ means, with re-*  
16       *spect to a failure of a State to comply with section*  
17       *454(24)—*

18               *“(I) 4 percent of the penalty base, in the*  
19       *case of the 1st fiscal year in which such a failure*  
20       *by the State occurs;*

21               *“(II) 8 percent of the penalty base, in the*  
22       *case of the 2nd such fiscal year;*

23               *“(III) 16 percent of the penalty base, in the*  
24       *case of the 3rd such fiscal year; or*

1                   “(IV) 20 percent of the penalty base, in the  
2                   case of the 4th or any subsequent such fiscal  
3                   year.

4                   “(ii) The term ‘penalty base’ means, with respect  
5                   to a failure of a State to comply with section 454(24)  
6                   during a fiscal year, the amount otherwise payable to  
7                   the State under paragraph (1)(A) of this subsection  
8                   for the preceding fiscal year.

9                   “(C)(i) The Secretary shall waive a penalty under this  
10                  paragraph for any failure of a State to comply with section  
11                  454(24)(A) during fiscal year 1998 if—

12                  “(I) by December 31, 1997, the State has submit-  
13                  ted to the Secretary a request that the Secretary cer-  
14                  tify the State as having met the requirements of such  
15                  section;

16                  “(II) the Secretary has provided the certification  
17                  as a result of a review conducted pursuant to the re-  
18                  quest; and

19                  “(III) the State has not failed such a review.

20                  “(ii) If a State with respect to which a reduction is  
21                  made under this paragraph for a fiscal year achieves com-  
22                  pliance with section 454(24)(A) by the beginning of the suc-  
23                  ceeding fiscal year, the Secretary shall increase the amount  
24                  otherwise payable to the State under paragraph (1)(A) of

1 *this subsection for the succeeding fiscal year by an amount*  
2 *equal to 75 percent of the reduction for the fiscal year.*

3       “(iii) *The Secretary shall reduce the amount of any*  
4 *reduction that, in the absence of this clause, would be re-*  
5 *quired to be made under this paragraph by reason of the*  
6 *failure of a State to achieve compliance with section*  
7 *454(24)(B) during the fiscal year, by an amount equal to*  
8 *20 percent of the amount of the otherwise required reduc-*  
9 *tion, for each State performance measure described in sec-*  
10 *tion 458A(b)(4) with respect to which the applicable per-*  
11 *centage under section 458A(b)(6) for the fiscal year is 100*  
12 *percent, if the Secretary has made the determination de-*  
13 *scribed in section 458A(b)(5)(B) with respect to the State*  
14 *for the fiscal year.*

15       “(D) *The preceding provisions of this paragraph (ex-*  
16 *cept for subparagraph (C)(i)) shall apply, separately and*  
17 *independently, to a failure to comply with section*  
18 *454(24)(B) in the same manner in which the preceding pro-*  
19 *visions apply to a failure to comply with section*  
20 *454(24)(A).”.*

1 **SEC. 102. AUTHORITY TO WAIVE SINGLE STATEWIDE AUTO-**  
 2 **MATED DATA PROCESSING AND INFORMA-**  
 3 **TION RETRIEVAL SYSTEM REQUIREMENT.**

4 (a) *IN GENERAL.*—Section 452(d)(3) of the Social Se-  
 5 curity Act (42 U.S.C. 652(d)(3)) is amended to read as fol-  
 6 lows:

7 “(3) The Secretary may waive any requirement of  
 8 paragraph (1) or any condition specified under section  
 9 454(16), and shall waive the single statewide system re-  
 10 quirement under sections 454(16) and 454A, with respect  
 11 to a State if—

12 “(A) the State demonstrates to the satisfaction of  
 13 the Secretary that the State has or can develop an al-  
 14 ternative system or systems that enable the State—

15 “(i) for purposes of section 409(a)(8), to  
 16 achieve the paternity establishment percentages  
 17 (as defined in section 452(g)(2)) and other per-  
 18 formance measures that may be established by  
 19 the Secretary;

20 “(ii) to submit data under section  
 21 454(15)(B) that is complete and reliable;

22 “(iii) to substantially comply with the re-  
 23 quirements of this part; and

24 “(iv) in the case of a request to waive the  
 25 single statewide system requirement, to—

1           “(I) meet all functional requirements  
2           of sections 454(16) and 454A;

3           “(II) ensure that calculation of dis-  
4           tributions meets the requirements of section  
5           457 and accounts for distributions to chil-  
6           dren in different families or in different  
7           States or sub-State jurisdictions, and for  
8           distributions to other States;

9           “(III) ensure that there is only 1 point  
10          of contact in the State which provides seam-  
11          less case processing for all interstate case  
12          processing and coordinated, automated  
13          intrastate case management;

14          “(IV) ensure that standardized data  
15          elements, forms, and definitions are used  
16          throughout the State;

17          “(V) complete the alternative system in  
18          no more time than it would take to complete  
19          a single statewide system that meets such  
20          requirement; and

21          “(VI) process child support cases as  
22          quickly, efficiently, and effectively as such  
23          cases would be processed through a single  
24          statewide system that meets such require-  
25          ment;



1           “(B)(i) the waiver meets the criteria of para-  
2           graphs (1), (2), and (3) of section 1115(c); or

3           “(ii) the State provides assurances to the Sec-  
4           retary that steps will be taken to otherwise improve  
5           the State’s child support enforcement program; and

6           “(C) in the case of a request to waive the single  
7           statewide system requirement, the State has submitted  
8           to the Secretary separate estimates of the total cost of  
9           a single statewide system that meets such require-  
10          ment, and of any such alternative system or systems,  
11          which shall include estimates of the cost of developing  
12          and completing the system and of operating and  
13          maintaining the system for 5 years, and the Secretary  
14          has agreed with the estimates.”.

15          (b) *PAYMENTS TO STATES*.—Section 455(a)(1) of such  
16   Act (42 U.S.C. 655(a)(1)) is amended—

17           (1) by striking “and” at the end of subpara-  
18          graph (B);

19           (2) by striking the semicolon at the end of sub-  
20          paragraph (C) and inserting “, and”; and

21           (3) by inserting after subparagraph (C) the fol-  
22          lowing:

23           “(D) equal to 66 percent of the sums expended  
24          by the State during the quarter for an alternative  
25          statewide system for which a waiver has been granted

under section 452(d)(3), but only to the extent that the total of the sums so expended by the State on or after the date of the enactment of this subparagraph does not exceed the least total cost estimate submitted by the State pursuant to section 452(d)(3)(C) in the request for the waiver;”.

## **TITLE II—CHILD SUPPORT INCENTIVE SYSTEM**

### **SEC. 201. INCENTIVE PAYMENTS TO STATES.**

(a) *IN GENERAL.*—Part D of title IV of the Social Security Act (42 U.S.C. 651–669) is amended by inserting after section 458 the following:

#### **“SEC. 458A. INCENTIVE PAYMENTS TO STATES.**

“(a) *IN GENERAL.*—In addition to any other payment under this part, the Secretary shall, subject to subsection (f), make an incentive payment to each State for each fiscal year in an amount determined under subsection (b).

#### **“(b) AMOUNT OF INCENTIVE PAYMENT.—**

“(1) *IN GENERAL.*—The incentive payment for a State for a fiscal year is equal to the incentive payment pool for the fiscal year, multiplied by the State incentive payment share for the fiscal year.

#### **“(2) INCENTIVE PAYMENT POOL.—**

“(A) *IN GENERAL.*—In paragraph (1), the term ‘incentive payment pool’ means—

1 “(i) \$422,000,000 for fiscal year 2000;

2 “(ii) \$429,000,000 for fiscal year 2001;

3 “(iii) \$450,000,000 for fiscal year

4 2002;

5 “(iv) \$461,000,000 for fiscal year 2003;

6 “(v) \$454,000,000 for fiscal year 2004;

7 “(vi) \$446,000,000 for fiscal year 2005;

8 “(vii) \$458,000,000 for fiscal year

9 2006;

10 “(viii) \$471,000,000 for fiscal year

11 2007;

12 “(ix) \$483,000,000 for fiscal year

13 2008; and

14 “(x) for any succeeding fiscal year, the

15 amount of the incentive payment pool for

16 the fiscal year that precedes such succeeding

17 fiscal year, multiplied by the percentage (if

18 any) by which the CPI for such preceding

19 fiscal year exceeds the CPI for the 2nd pre-

20 ceding fiscal year.

21 “(B) *CPI*.—For purposes of subparagraph

22 (A), the CPI for a fiscal year is the average of

23 the Consumer Price Index for the 12-month pe-

24 riod ending on September 30 of the fiscal year.

25 As used in the preceding sentence, the term ‘Con-

1           *sumer Price Index’ means the last Consumer*  
2           *Price Index for all-urban consumers published by*  
3           *the Department of Labor.*

4           “(3) *STATE INCENTIVE PAYMENT SHARE.—In*  
5           *paragraph (1), the term ‘State incentive payment*  
6           *share’ means, with respect to a fiscal year—*

7                     *“(A) the incentive base amount for the State*  
8                     *for the fiscal year; divided by*

9                     *“(B) the sum of the incentive base amounts*  
10                    *for all of the States for the fiscal year.*

11           “(4) *INCENTIVE BASE AMOUNT.—In paragraph*  
12           *(3), the term ‘incentive base amount’ means, with re-*  
13           *spect to a State and a fiscal year, the sum of the ap-*  
14           *plicable percentages (determined in accordance with*  
15           *paragraph (6)) multiplied by the corresponding maxi-*  
16           *imum incentive base amounts for the State for the fis-*  
17           *cal year, with respect to each of the following meas-*  
18           *ures of State performance for the fiscal year:*

19                    *“(A) The paternity establishment perform-*  
20                    *ance level.*

21                    *“(B) The support order performance level.*

22                    *“(C) The current payment performance*  
23                    *level.*

24                    *“(D) The arrearage payment performance*  
25                    *level.*

1           “(E) The cost-effectiveness performance  
2           level.

3           “(5) MAXIMUM INCENTIVE BASE AMOUNT.—

4           “(A) IN GENERAL.—For purposes of para-  
5           graph (4), the maximum incentive base amount  
6           for a State for a fiscal year is—

7           “(i) with respect to the performance  
8           measures described in subparagraphs (A),  
9           (B), and (C) of paragraph (4), the State  
10          collections base for the fiscal year; and

11          “(ii) with respect to the performance  
12          measures described in subparagraphs (D)  
13          and (E) of paragraph (4), 75 percent of the  
14          State collections base for the fiscal year.

15          “(B) DATA REQUIRED TO BE COMPLETE  
16          AND RELIABLE.—Notwithstanding subparagraph  
17          (A), the maximum incentive base amount for a  
18          State for a fiscal year with respect to a perform-  
19          ance measure described in paragraph (4) is zero,  
20          unless the Secretary determines, on the basis of  
21          an audit performed under section  
22          452(a)(4)(C)(i), that the data which the State  
23          submitted pursuant to section 454(15)(B) for the  
24          fiscal year and which is used to determine the

1        *performance level involved is complete and reli-*  
2        *able.*

3                “(C) *STATE COLLECTIONS BASE.—For pur-*  
4        *poses of subparagraph (A), the State collections*  
5        *base for a fiscal year is equal to the sum of—*

6                “(i) *2 times the sum of—*

7                        “(I) *the total amount of support*  
8        *collected during the fiscal year under*  
9        *the State plan approved under this*  
10       *part in cases in which the support ob-*  
11       *ligation involved is required to be as-*  
12       *signed to the State pursuant to part A*  
13       *or E of this title or title XIX; and*

14                       “(II) *the total amount of support*  
15       *collected during the fiscal year under*  
16       *the State plan approved under this*  
17       *part in cases in which the support ob-*  
18       *ligation involved was so assigned but,*  
19       *at the time of collection, is not required*  
20       *to be so assigned; and*

21                       “(ii) *the total amount of support col-*  
22       *lected during the fiscal year under the State*  
23       *plan approved under this part in all other*  
24       *cases.*

“(6) *DETERMINATION OF APPLICABLE PERCENT-  
AGES BASED ON PERFORMANCE LEVELS.*—

“(A) *PATERNITY ESTABLISHMENT.*—

“(i) *DETERMINATION OF PATERNITY  
ESTABLISHMENT PERFORMANCE LEVEL.*—

*The paternity establishment performance  
level for a State for a fiscal year is, at the  
option of the State, the IV–D paternity es-  
tablishment percentage determined under  
section 452(g)(2)(A) or the statewide pater-  
nity establishment percentage determined  
under section 452(g)(2)(B).*

“(ii) *DETERMINATION OF APPLICABLE  
PERCENTAGE.*—*The applicable percentage  
with respect to a State’s paternity establish-  
ment performance level is as follows:*

<b><i>“If the paternity establishment perform- ance level is:</i></b>		<b><i>The applica- ble percentage is:</i></b>
<b><i>At least:</i></b>	<b><i>But less than:</i></b>	
80% .....	.....	100
79% .....	80% .....	98
78% .....	79% .....	96
77% .....	78% .....	94
76% .....	77% .....	92
75% .....	76% .....	90
74% .....	75% .....	88
73% .....	74% .....	86
72% .....	73% .....	84
71% .....	72% .....	82
70% .....	71% .....	80
69% .....	70% .....	79
68% .....	69% .....	78
67% .....	68% .....	77
66% .....	67% .....	76
65% .....	66% .....	75

<b><i>“If the paternity establishment performance level is:</i></b>		<b><i>The applicable percentage is:</i></b>
<b><i>At least:</i></b>	<b><i>But less than:</i></b>	
64% .....	65% .....	74
63% .....	64% .....	73
62% .....	63% .....	72
61% .....	62% .....	71
60% .....	61% .....	70
59% .....	60% .....	69
58% .....	59% .....	68
57% .....	58% .....	67
56% .....	57% .....	66
55% .....	56% .....	65
54% .....	55% .....	64
53% .....	54% .....	63
52% .....	53% .....	62
51% .....	52% .....	61
50% .....	51% .....	60
0% .....	50% .....	0.

1                    *Notwithstanding the preceding sentence, if*  
2                    *the paternity establishment performance*  
3                    *level of a State for a fiscal year is less than*  
4                    *50 percent but exceeds by at least 10 per-*  
5                    *centage points the paternity establishment*  
6                    *performance level of the State for the imme-*  
7                    *diately preceding fiscal year, then the ap-*  
8                    *plicable percentage with respect to the*  
9                    *State’s paternity establishment performance*  
10                   *level is 50 percent.*

11                   *“(B) ESTABLISHMENT OF CHILD SUPPORT*  
12                   *ORDERS.—*

13                   *“(i) DETERMINATION OF SUPPORT*  
14                   *ORDER PERFORMANCE LEVEL.—The support*  
15                   *order performance level for a State for a fis-*



1                    *cal year is the percentage of the total num-*  
2                    *ber of cases under the State plan approved*  
3                    *under this part in which there is a support*  
4                    *order during the fiscal year.*

5                    *“(ii) DETERMINATION OF APPLICABLE*  
6                    *PERCENTAGE.—The applicable percentage*  
7                    *with respect to a State’s support order per-*  
8                    *formance level is as follows:*

<b><i>“If the support order performance level is:</i></b>		<b><i>The applica- ble percentage is:</i></b>
<b><i>At least:</i></b>	<b><i>But less than:</i></b>	
80% .....	.....	100
79% .....	80% .....	98
78% .....	79% .....	96
77% .....	78% .....	94
76% .....	77% .....	92
75% .....	76% .....	90
74% .....	75% .....	88
73% .....	74% .....	86
72% .....	73% .....	84
71% .....	72% .....	82
70% .....	71% .....	80
69% .....	70% .....	79
68% .....	69% .....	78
67% .....	68% .....	77
66% .....	67% .....	76
65% .....	66% .....	75
64% .....	65% .....	74
63% .....	64% .....	73
62% .....	63% .....	72
61% .....	62% .....	71
60% .....	61% .....	70
59% .....	60% .....	69
58% .....	59% .....	68
57% .....	58% .....	67
56% .....	57% .....	66
55% .....	56% .....	65
54% .....	55% .....	64
53% .....	54% .....	63
52% .....	53% .....	62
51% .....	52% .....	61
50% .....	51% .....	60
0% .....	50% .....	0.

1           *Notwithstanding the preceding sentence, if*  
2           *the support order performance level of a*  
3           *State for a fiscal year is less than 50 per-*  
4           *cent but exceeds by at least 5 percentage*  
5           *points the support order performance level*  
6           *of the State for the immediately preceding*  
7           *fiscal year, then the applicable percentage*  
8           *with respect to the State’s support order*  
9           *performance level is 50 percent.*

10           “(C) *COLLECTIONS ON CURRENT CHILD*  
11           *SUPPORT DUE.—*

12                   “(i) *DETERMINATION OF CURRENT*  
13           *PAYMENT PERFORMANCE LEVEL.—The cur-*  
14           *rent payment performance level for a State*  
15           *for a fiscal year is equal to the total*  
16           *amount of current support collected during*  
17           *the fiscal year under the State plan ap-*  
18           *proved under this part divided by the total*  
19           *amount of current support owed during the*  
20           *fiscal year in all cases under the State plan,*  
21           *expressed as a percentage.*

22                   “(ii) *DETERMINATION OF APPLICABLE*  
23           *PERCENTAGE.—The applicable percentage*  
24           *with respect to a State’s current payment*  
25           *performance level is as follows:*

<b><i>“If the current payment performance level is:</i></b>		<b><i>The applica- ble percentage is:</i></b>
<b><i>At least:</i></b>	<b><i>But less than:</i></b>	
80% .....	.....	100
79% .....	80% .....	98
78% .....	79% .....	96
77% .....	78% .....	94
76% .....	77% .....	92
75% .....	76% .....	90
74% .....	75% .....	88
73% .....	74% .....	86
72% .....	73% .....	84
71% .....	72% .....	82
70% .....	71% .....	80
69% .....	70% .....	79
68% .....	69% .....	78
67% .....	68% .....	77
66% .....	67% .....	76
65% .....	66% .....	75
64% .....	65% .....	74
63% .....	64% .....	73
62% .....	63% .....	72
61% .....	62% .....	71
60% .....	61% .....	70
59% .....	60% .....	69
58% .....	59% .....	68
57% .....	58% .....	67
56% .....	57% .....	66
55% .....	56% .....	65
54% .....	55% .....	64
53% .....	54% .....	63
52% .....	53% .....	62
51% .....	52% .....	61
50% .....	51% .....	60
49% .....	50% .....	59
48% .....	49% .....	58
47% .....	48% .....	57
46% .....	47% .....	56
45% .....	46% .....	55
44% .....	45% .....	54
43% .....	44% .....	53
42% .....	43% .....	52
41% .....	42% .....	51
40% .....	41% .....	50
0% .....	40% .....	0.

1                    *Notwithstanding the preceding sentence, if*  
2                    *the current payment performance level of a*  
3                    *State for a fiscal year is less than 40 per-*  
4                    *cent but exceeds by at least 5 percentage*

1           *points the current payment performance*  
2           *level of the State for the immediately pre-*  
3           *ceding fiscal year, then the applicable per-*  
4           *centage with respect to the State's current*  
5           *payment performance level is 50 percent.*

6           “(D) *COLLECTIONS ON CHILD SUPPORT AR-*  
7           *REARAGES.—*

8                   “(i) *DETERMINATION OF ARREARAGE*  
9           *PAYMENT PERFORMANCE LEVEL.—The ar-*  
10          *rearage payment performance level for a*  
11          *State for a fiscal year is equal to the total*  
12          *number of cases under the State plan ap-*  
13          *proved under this part in which payments*  
14          *of past-due child support were received dur-*  
15          *ing the fiscal year and part or all of the*  
16          *payments were distributed to the family to*  
17          *whom the past-due child support was owed*  
18          *(or, if all past-due child support owed to the*  
19          *family was, at the time of receipt, subject to*  
20          *an assignment to the State, part or all of*  
21          *the payments were retained by the State)*  
22          *divided by the total number of cases under*  
23          *the State plan in which there is past-due*  
24          *child support, expressed as a percentage.*

1                   “(i) *DETERMINATION OF APPLICABLE*  
2                   *PERCENTAGE.—The applicable percentage*  
3                   *with respect to a State’s arrearage payment*  
4                   *performance level is as follows:*

<b>“If the arrearage payment performance level is:</b>		<b>The applica- ble percentage is:</b>
<b>At least:</b>	<b>But less than:</b>	
80% .....	.....	100
79% .....	80% .....	98
78% .....	79% .....	96
77% .....	78% .....	94
76% .....	77% .....	92
75% .....	76% .....	90
74% .....	75% .....	88
73% .....	74% .....	86
72% .....	73% .....	84
71% .....	72% .....	82
70% .....	71% .....	80
69% .....	70% .....	79
68% .....	69% .....	78
67% .....	68% .....	77
66% .....	67% .....	76
65% .....	66% .....	75
64% .....	65% .....	74
63% .....	64% .....	73
62% .....	63% .....	72
61% .....	62% .....	71
60% .....	61% .....	70
59% .....	60% .....	69
58% .....	59% .....	68
57% .....	58% .....	67
56% .....	57% .....	66
55% .....	56% .....	65
54% .....	55% .....	64
53% .....	54% .....	63
52% .....	53% .....	62
51% .....	52% .....	61
50% .....	51% .....	60
49% .....	50% .....	59
48% .....	49% .....	58
47% .....	48% .....	57
46% .....	47% .....	56
45% .....	46% .....	55
44% .....	45% .....	54
43% .....	44% .....	53
42% .....	43% .....	52
41% .....	42% .....	51
40% .....	41% .....	50

<b><i>“If the arrearage payment performance level is:</i></b>		<b><i>The applicable percentage is:</i></b>
<b><i>At least:</i></b>	<b><i>But less than:</i></b>	
0% .....	40% .....	0.

Notwithstanding the preceding sentence, if the arrearage payment performance level of a State for a fiscal year is less than 40 percent but exceeds by at least 5 percentage points the arrearage payment performance level of the State for the immediately preceding fiscal year, then the applicable percentage with respect to the State’s arrearage payment performance level is 50 percent.

“(E) COST-EFFECTIVENESS.—

“(i) DETERMINATION OF COST-EFFECTIVENESS PERFORMANCE LEVEL.—The cost-effectiveness performance level for a State for a fiscal year is equal to the total amount collected during the fiscal year under the State plan approved under this part divided by the total amount expended during the fiscal year under the State plan, expressed as a ratio.

“(ii) DETERMINATION OF APPLICABLE PERCENTAGE.—The applicable percentage

1                    *with respect to a State’s cost-effectiveness*  
 2                    *performance level is as follows:*

<b><i>“If the cost effectiveness performance level is:</i></b>		<b><i>The applica- ble percentage is:</i></b>
<b><i>At least:</i></b>	<b><i>But less than:</i></b>	
5.00 .....	.....	100
4.50 .....	4.99 .....	90
4.00 .....	4.50 .....	80
3.50 .....	4.00 .....	70
3.00 .....	3.50 .....	60
2.50 .....	3.00 .....	50
2.00 .....	2.50 .....	40
0.00 .....	2.00 .....	0.

3                    *“(c) TREATMENT OF INTERSTATE COLLECTIONS.—In*  
 4                    *computing incentive payments under this section, support*  
 5                    *which is collected by a State at the request of another State*  
 6                    *shall be treated as having been collected in full by both*  
 7                    *States, and any amounts expended by a State in carrying*  
 8                    *out a special project assisted under section 455(e) shall be*  
 9                    *excluded.*

10                  *“(d) ADMINISTRATIVE PROVISIONS.—The amounts of*  
 11                  *the incentive payments to be made to the States under this*  
 12                  *section for a fiscal year shall be estimated by the Secretary*  
 13                  *at or before the beginning of the fiscal year on the basis*  
 14                  *of the best information available. The Secretary shall make*  
 15                  *the payments for the fiscal year, on a quarterly basis (with*  
 16                  *each quarterly payment being made no later than the begin-*  
 17                  *ning of the quarter involved), in the amounts so estimated,*  
 18                  *reduced or increased to the extent of any overpayments or*  
 19                  *underpayments which the Secretary determines were made*

1 *under this section to the States involved for prior periods*  
 2 *and with respect to which adjustment has not already been*  
 3 *made under this subsection. Upon the making of any esti-*  
 4 *mate by the Secretary under the preceding sentence, any*  
 5 *appropriations available for payments under this section*  
 6 *are deemed obligated.*

7       “(e) *REGULATIONS.—The Secretary shall prescribe*  
 8 *such regulations as may be necessary governing the calcula-*  
 9 *tion of incentive payments under this section, including di-*  
 10 *rections for excluding from the calculations certain closed*  
 11 *cases and cases over which the States do not have jurisdic-*  
 12 *tion.*

13       “(f) *REINVESTMENT.—A State to which a payment is*  
 14 *made under this section shall expend the full amount of the*  
 15 *payment to supplement, and not supplant, other funds used*  
 16 *by the State—*

17               “(1) *to carry out the State plan approved under*  
 18 *this part; or*

19               “(2) *for any activity (including cost-effective*  
 20 *contracts with local agencies) approved by the Sec-*  
 21 *retary, whether or not the expenditures for the activ-*  
 22 *ity are eligible for reimbursement under this part,*  
 23 *which may contribute to improving the effectiveness*  
 24 *or efficiency of the State program operated under this*  
 25 *part.”.*



1       (b) *TRANSITION RULE.*—Notwithstanding any other  
2   *provision of law—*

3           (1) *for fiscal year 2000, the Secretary shall re-*  
4       *duce by  $\frac{1}{3}$  the amount otherwise payable to a State*  
5       *under section 458 of the Social Security Act, and*  
6       *shall reduce by  $\frac{2}{3}$  the amount otherwise payable to a*  
7       *State under section 458A of such Act; and*

8           (2) *for fiscal year 2001, the Secretary shall re-*  
9       *duce by  $\frac{2}{3}$  the amount otherwise payable to a State*  
10      *under section 458 of the Social Security Act, and*  
11      *shall reduce by  $\frac{1}{3}$  the amount otherwise payable to a*  
12      *State under section 458A of such Act.*

13      (c) *REGULATIONS.*—Within 9 months after the date of  
14   *the enactment of this section, the Secretary of Health and*  
15   *Human Services shall prescribe regulations governing the*  
16   *implementation of section 458A of the Social Security Act*  
17   *when such section takes effect and the implementation of*  
18   *subsection (b) of this section.*

19      (d) *STUDIES.*—

20           (1) *GENERAL REVIEW OF NEW INCENTIVE PAY-*  
21      *MENT SYSTEM.*—

22           (A) *IN GENERAL.*—The Secretary of Health  
23       *and Human Services shall conduct a study of the*  
24       *implementation of the incentive payment system*  
25       *established by section 458A of the Social Secu-*

1            *rity Act, in order to identify the problems and*  
2            *successes of the system.*

3            *(B) REPORTS TO THE CONGRESS.—*

4            *(i) REPORT ON VARIATIONS IN STATE*  
5            *PERFORMANCE ATTRIBUTABLE TO DEMO-*  
6            *GRAPHIC VARIABLES.—Not later than Octo-*  
7            *ber 1, 2000, the Secretary shall submit to*  
8            *the Congress a report that identifies any de-*  
9            *mographic or economic variables that ac-*  
10           *count for differences in the performance lev-*  
11           *els achieved by the States with respect to the*  
12           *performance measures used in the system,*  
13           *and contains the recommendations of the*  
14           *Secretary for such adjustments to the system*  
15           *as may be necessary to ensure that the rel-*  
16           *ative performance of States is measured*  
17           *from a baseline that takes account of any*  
18           *such variables.*

19           *(ii) INTERIM REPORT.—Not later than*  
20           *March 1, 2001, the Secretary shall submit*  
21           *to the Congress an interim report that con-*  
22           *tains the findings of the study required by*  
23           *subparagraph (A).*

24           *(iii) FINAL REPORT.—Not later than*  
25           *October 1, 2003, the Secretary shall submit*

1           to the Congress a final report that contains  
2           the final findings of the study required by  
3           subparagraph (A). The report shall include  
4           any recommendations for changes in the  
5           system that the Secretary determines would  
6           improve the operation of the child support  
7           enforcement program.

8           (2) *DEVELOPMENT OF MEDICAL SUPPORT INCEN-*  
9           *TIVE.*—

10           (A) *IN GENERAL.*—The Secretary of Health  
11           and Human Services, in consultation with State  
12           directors of programs operated under part D of  
13           title IV of the Social Security Act and represent-  
14           atives of children potentially eligible for medical  
15           support, shall develop a performance measure  
16           based on the effectiveness of States in establish-  
17           ing and enforcing medical support obligations,  
18           and shall make recommendations for the incorpo-  
19           ration of the measure, in a revenue neutral man-  
20           ner, into the incentive payment system estab-  
21           lished by section 458A of the Social Security Act.

22           (B) *REPORT.*—Not later than October 1,  
23           1999, the Secretary shall submit to the Congress  
24           a report that describes the performance measure

1           *and contains the recommendations required by*  
 2           *subparagraph (A).*

3       *(e) TECHNICAL AMENDMENTS.—*

4           *(1) IN GENERAL.—Section 341 of the Personal*  
 5           *Responsibility and Work Opportunity Reconciliation*  
 6           *Act of 1996 (42 U.S.C. 658 note) is amended—*

7                   *(A) by striking subsection (a) and redesign-*  
 8                   *ating subsections (b), (c), and (d) as subsections*  
 9                   *(a), (b), and (c), respectively; and*

10                   *(B) in subsection (c) (as so redesignated)—*

11                           *(i) by striking paragraph (1) and in-*  
 12                           *serting the following:*

13                               *“(1) CONFORMING AMENDMENTS TO PRESENT*  
 14                               *SYSTEM.—The amendments made by subsection (a) of*  
 15                               *this section shall become effective with respect to a*  
 16                               *State as of the date the amendments made by section*  
 17                               *103(a) (without regard to section 116(a)(2)) first*  
 18                               *apply to the State.”; and*

19                                   *(ii) in paragraph (2), by striking “(c)”*  
 20                                   *and inserting “(b)”.*

21           *(2) EFFECTIVE DATE.—The amendments made*  
 22           *by this section shall take effect as if included in the*  
 23           *enactment of section 341 of the Personal Responsibil-*  
 24           *ity and Work Opportunity Reconciliation Act of*  
 25           *1996.*

1       (f) *ELIMINATION OF PREDECESSOR INCENTIVE PAY-*  
 2 *MENT SYSTEM.*—

3           (1) *REPEAL.*—*Section 458 of the Social Security*  
 4 *Act (42 U.S.C. 658) is repealed.*

5           (2) *CONFORMING AMENDMENTS.*—

6           (A) *Section 458A of the Social Security Act,*  
 7 *as added by section 201(a) of this Act, is redesign-*  
 8 *ated as section 458.*

9           (B) *Section 455(a)(4)(C)(iii) of such Act*  
 10 *(42 U.S.C. 655(a)(4)(C)(iii)), as added by sec-*  
 11 *tion 101 of this Act, is amended—*

12           (i) *by striking “458A(b)(4)” and in-*  
 13 *serting “458(b)(4)”;*

14           (ii) *by striking “458A(b)(6)” and in-*  
 15 *serting “458(b)(6)”;* and

16           (iii) *by striking “458A(b)(5)(B)” and*  
 17 *inserting “458(b)(5)(B)”.*

18           (C) *Subsection (d)(1) of this section is*  
 19 *amended by striking “458A” and inserting*  
 20 *“458”.*

21           (3) *EFFECTIVE DATE.*—*The amendments made*  
 22 *by this subsection shall take effect on October 1, 2001.*

23           (g) *GENERAL EFFECTIVE DATE.*—*Except as otherwise*  
 24 *provided in this section, the amendments made by this sec-*  
 25 *tion shall take effect on October 1, 1999.*

***TITLE III—ADOPTION  
PROVISIONS***

***SEC. 301. MORE FLEXIBLE PENALTY PROCEDURE TO BE AP-  
PLIED FOR FAILING TO PERMIT INTERJURIS-  
DICTIONAL ADOPTION.***

*(a) CONVERSION OF FUNDING BAN INTO STATE PLAN  
REQUIREMENT.—Section 471(a) of the Social Security Act  
(42 U.S.C. 671(a)) is amended—*

*(1) by striking “and” at the end of paragraph  
(21);*

*(2) by striking the period at the end of para-  
graph (22) and inserting “; and”; and*

*(3) by adding at the end the following:*

*“(23) provides that the State shall not—*

*“(A) deny or delay the placement of a child  
for adoption when an approved family is avail-  
able outside of the jurisdiction with responsibil-  
ity for handling the case of the child; or*

*“(B) fail to grant an opportunity for a fair  
hearing, as described in paragraph (12), to an  
individual whose allegation of a violation of sub-  
paragraph (A) of this paragraph is denied by the  
State or not acted upon by the State with rea-  
sonable promptness.”.*

1       (b) *PENALTY FOR NONCOMPLIANCE.*—Section 474(d)  
 2   of such Act (42 U.S.C. 674(d)) is amended in each of para-  
 3   graphs (1) and (2) by striking “section 471(a)(18)” and  
 4   inserting “paragraph (18) or (23) of section 471(a)”.

5       (c) *CONFORMING AMENDMENT.*—Section 474 of such  
 6   Act (42 U.S.C. 674) is amended by striking subsection (e).

7       (d) *RETROACTIVITY.*—The amendments made by this  
 8   section shall take effect as if included in section 202(b) of  
 9   the Adoption and Safe Families Act of 1997.

## 10                   **TITLE IV—TECHNICAL** 11                   **CORRECTIONS**

### 12   **SEC. 401. TECHNICAL CORRECTIONS.**

13       (a) Section 413(g)(1) of the Social Security Act (42  
 14   U.S.C. 613(g)(1)) is amended by striking “Economic and  
 15   Educational Opportunities” and inserting “Education and  
 16   the Workforce”.

17       (b) Section 422(b)(2) of the Social Security Act (42  
 18   U.S.C. 622(b)(2)) is amended by striking “under under”  
 19   and inserting “under”.

20       (c) Section 432(a)(8) of the Social Security Act (42  
 21   U.S.C. 632(a)(8)) is amended by adding “; and” at the end.

22       (d) Section 453(a)(2) of the Social Security Act (42  
 23   U.S.C. 653(a)(2)) is amended—

24               (1) by striking “parentage,” and inserting “par-  
 25       entage or”;

1           (2) *by striking “or making or enforcing child*  
 2           *custody or visitation orders,”; and*

3           (3) *in subparagraph (A), by decreasing the in-*  
 4           *dentation of clause (iv) by 2 ems.*

5           (e)(1) *Section 5557(b) of the Balanced Budget Act of*  
 6           *1997 (42 U.S.C. 608 note) is amended by adding at the*  
 7           *end the following: “The amendment made by section*  
 8           *5536(1)(A) shall not take effect with respect to a State until*  
 9           *October 1, 2000, or such earlier date as the State may se-*  
 10          *lect.”.*

11          (2) *The amendment made by paragraph (1) shall take*  
 12          *effect as if included in the enactment of section 5557 of the*  
 13          *Balanced Budget Act of 1997 (Public Law 105–33; 111*  
 14          *Stat. 637).*

15          (f) *Section 473A(c)(2)(B) of the Social Security Act*  
 16          *(42 U.S.C. 673b(c)(2)(B)) is amended—*

17               (1) *by striking “November 30, 1997” and insert-*  
 18               *ing “April 30, 1998”; and*

19               (2) *by striking “March 1, 1998” and inserting*  
 20               *“July 1, 1998”.*

21          (g) *Section 474(a) of the Social Security Act (42*  
 22          *U.S.C. 674(a)) is amended by striking “(subject to the limi-*  
 23          *tations imposed by subsection (b))”.*

24          (h) *Section 232 of the Social Security Act Amendments*  
 25          *of 1994 (42 U.S.C. 1314a) is amended—*



- 1           (1) in subsection (b)(3)(D), by striking “Energy
- 2           and”; and
- 3           (2) in subsection (d)(4), by striking “(b)(3)(D)”
- 4           and inserting “(b)(3)”.